

Central Intelligence Agency

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DIRECTORATE OF INTELLIGENCE

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President Li Xiannian's Visit and the Taiwan Issue [redacted]

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Summary

Recent Chinese behavior leads us to believe that President Li Xiannian will probably adopt a nonconfrontational posture regarding US relations with Taiwan during his visit to Washington. We expect Li to raise issues involving Taiwan, making China's case for reducing arms sales and pressing the United States to take a more direct role in promoting negotiations for the reunification of Taiwan with the mainland. On balance, however, Li will probably emphasize positive aspects of the relationship rather than seek confrontation [redacted]

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There is an outside risk that current leadership tensions in Beijing -- on which we have fragmentary reporting -- could spill over into Li's visit. Relations with Moscow and the West have been under discussion in the

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leadership, and it is conceivable that a strong demarche on Taiwan could be made for a Chinese domestic audience. It is also possible that Li may take a more moderate line with the President, while another member of the delegation takes a harder line at a lower level. [REDACTED]

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Li's Objectives

President Li's political agenda in Washington, we believe, will have been determined largely by Deng Xiaoping. Li has been a critic of close relations with the United States in the past and has shown a tendency to try to play the United States against the USSR. But in recent years -- and especially since becoming president in 1982 -- he has been an uncontroversial performer adhering closely to his prepared briefs. Deng has retained primary responsibility for foreign affairs, and [REDACTED] remains particularly involved in guiding relations with the United States and Taiwan. We have no strong indication that this situation has fundamentally changed despite evidence of Deng's efforts to reduce his workload gradually and turn affairs over to his successors. [REDACTED]

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The Li visit comes at a time when Deng Xiaoping is deeply immersed in a series of important political meetings leading up to a major party "conference of delegates" in September. The leadership now appears to be especially sensitive to issues involving Chinese sovereignty, and the climate is such that even tangential issues, such as the failed US port call, easily become politicized. Deng will want to show his opponents that in his approach to Washington he is pressing for progress on Taiwan's reunification with the mainland. At the same time, he will want to avoid new and serious frictions with Washington. The trick for Deng, in our estimation, will be to prevent his opponents from finding fault with his policy or Washington's response and turning it into a political issue. [REDACTED]

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Abroad, we suspect the Chinese are looking for progress in relations with Washington to ensure that Beijing's ties with the West appear stronger than those with Moscow. Having made a series of gestures to the Soviets since late last year signaling a desire to improve at least the atmospherics of Sino-Soviet relations, the Chinese -- Deng and the reformers in particular -- have an interest in reassuring their Western friends that Beijing is not drifting toward Moscow. The recent Chinese failure to host a visit by US warships makes a compensating display of smooth US-Chinese relations all the more important to Deng. [REDACTED]

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The Chinese also presumably want to demonstrate to the Soviets that China's policy toward the USSR rests on a solid base of relations with the United States and the West and is not the

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product of weakness or isolation. This ultimately could give the Soviets an incentive to be more responsive to China's security needs [redacted]

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The Taiwan Issue -- Setting the Tone

Focusing on Taiwan, we judge that Deng will want Li to establish an overall atmosphere of cooperation and friendliness with the President within which to make his case for US assistance on reunification with Taiwan. The most recent Chinese pronouncements on Taiwan and relations with Washington have been generally positive. [redacted]

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China's Foreign Ministry spokesman issued an obviously prepared statement reiterating Beijing's standard view that "a peaceful reunification of the country is our consistent policy" shortly after Hu Yaobang used immoderate language on the possible use of force against Taiwan. Similarly, an article in the PRC-controlled Ta Kung Pao newspaper in Hong Kong, published shortly after Hu's remarks were printed there, attempted to pour oil on the waters Hu had stirred. [redacted]

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More recently, China's Ambassador to the United States, Han Xu, told a Hong Kong interviewer of China's hope that peaceful negotiations will lead to a solution of the Taiwan issue and that the "US will not hamper this process." Han also attempted to limit the damage of the failure of the US warships' visit, saying that the problems regarding the visit are "the subject of negotiations, and the affair" should not have an impact on Sino-US relations." [redacted]

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Finally, a constructive note was struck in a major Beijing Review article on 17 June, analyzing the Reagan Administration's diplomacy as background for Li's visit. The article explicitly praised the President's "successively removing obstacles thrown up by pro-Taiwan forces," signing of the 17 August 1982 communique on arms sales to Taiwan, loosening of restrictions on technology transfer, and said his trip to China was "helpful." The article noted critically that both Democrats and Republicans support a policy of "one China, one Taiwan," and cited US failures in the Middle East. Surprisingly, however, the article gave the Administration credit for successes against the USSR in Central America and South Africa, despite previous Chinese objections to those policies. [redacted]

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Delivering the Message

Beneath the superficial amity, the essential private message regarding Taiwan the Chinese wish to deliver will have some steel in it. Deng and a host of Chinese foreign affairs officials have repeated in conversations with Westerners their concern about the future of Taiwan after President Chiang Ching-kuo leaves the scene, an eventuality Deng told Edward Heath in April is a "matter of urgency." Beijing has been spreading the view that after Chiang goes disorder could occur on Taiwan or native Taiwanese could try to assert Taiwan's independence from China.

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Deng and the others have sought to underline the importance of the potential for disorder by asking rhetorically what the United States would do if China finds the situation on Taiwan requires a naval blockade of the island. In each instance, they have avoided making explicit ultimatums and sought to present their case in hypothetical terms, while injecting an air of foreboding and danger about the future of Taiwan.

Whether the Chinese really believe such a scenario will develop, we suspect they are raising the question primarily to move the United States toward engaging itself in the issue of Taiwan's reunification. Last December, Deng asked Prime Minister Thatcher to carry a message to the President urging Washington to encourage Taiwan's leadership to talk with the Communists. Zhang Pin, son of China's defense minister, told a US Embassy attache at that time that Deng would like the President to take advantage of the good will he has built in Taipei to bring about a negotiated solution that will be in Taiwan's best interest over the long run.

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Subsequent Chinese conversations with US officials have focused on China's desire for the United States to express support for Deng's notion of "one country, two systems." Deng evidently wants to take advantage of the momentum this formula acquired after successful negotiations with London over the future of Hong Kong, a point reinforced when Deng chose to send his message regarding Taiwan through Prime Minister Thatcher. Deng later told Heath that a solution under this language would do no harm to US political or economic interests on Taiwan.

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President Li probably will put these views on record again during his meetings in Washington. He may also raise the possibility of a Chinese blockade of Taiwan as an outcome Beijing wants to avoid, arguing that to do so requires a direct US role in promoting negotiations for the reunification of Taiwan. We

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judge that the Chinese are not ready to increase pressure on Washington on this point, however, because of Deng's desire for a successful visit. [redacted]

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The Chinese will also be prepared to reassert their interpretation of the limits on US arms sales to Taiwan and to urge that the amounts sold be reduced faster. Li probably will seek a restatement of the US commitment to the 17 August 1982 communique.¹

An Outside Risk

There is a chance that current leadership tensions in Beijing will spill over into Li's visit. The high stakes in the party's deliberations over the apportionment of power and the direction of reform make it impossible to rule out Deng's opponents seizing on the US relationship or the Taiwan issue for political gain. [redacted]

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[redacted] Hu Yaobang's remarks on the visit by the warships apparently raised the issue of China's sovereignty to a political level where the only outcome acceptable to conservatives in the leadership was cancellation of the port call. [redacted]

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The foreign policy implications of the issues, however, are not far from the surface: Should China continue to pursue its opening to the West or should it reiterate a commitment to a planned economy with increased interaction with the USSR? [redacted]

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In this area, Hu Yaobang remains somewhat of a wild card. We are uncertain what his precise goals might be, but the recent experience of his involvement with scuttling the ships visit and using immoderate language regarding the use of force against

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¹ The delegation presumably will also present China's case concerning a full range of other issues unrelated to Taiwan, including the US cutoff of funds for UN-sponsored family planning programs in China, access to technology, textiles, shipping and the like. In general, we expect Li's conversations in Washington to be more substantial than his meeting with President Reagan last year, where Li was not the principal interlocutor, but still without the dynamism and breadth of Deng's conversations. Some issues may be left to Vice Premier Li Peng or State Councilor Ji Pengfei to present, permitting Li to concentrate on major themes. [redacted]

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Taiwan compels us to consider the possibility that he might be playing to a conservative gallery in the leadership. If he is out of synch with Deng or Premier Zhao Ziyang and seeking to win political support from skeptics of the US relationship, then he may inject himself again into the foreign policy arena before Li's arrival in Washington. [REDACTED]

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In any event, the chances of a more confrontational visit by Li, or even cancellation of his trip, would increase sharply if the Chinese perceive the United States is violating its commitment to a "one China" policy or agreements on arms sales to Taiwan. This would be true especially if the issue emerged in a fashion that left the Chinese no choice but to react publicly. Under the circumstances, Deng could revert to his behavior during the 1981-82 dispute with Washington over arms sales, when he attempted to outmaneuver his critics by taking a very tough position on Taiwan. [REDACTED]

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SUBJECT: President Li Xiannian's Visit and the Taiwan Issue

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